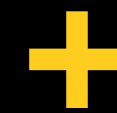# FROM PROBLEM TO PROFIT

A framework to use new and emerging problems
as catalysts to growth • January 2022

CHURCH
+STATE

When unexpected external forces
are applied to economic ecosystems,
there are winners and there are losers.

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+ SEE IT. SOLVE IT. WIN IT.

Business leaders have been forced to react and respond to a dynamic environment that featured everything from changing legislation, evolving mandates, entirely new business models, big and important social issues and an economy on the brink of disaster. Rather fittingly, consumers also responded with entirely new needs, expectations, and habits. Well, that was fun. Now what?

No seriously, Now what?

Over time, broad and significant external forces - like recessions and pandemics - have unexpectedly impacted national and global economies. Other forces like technology, consumer behaviour, the environment, and public policy have had narrow and deep effects on specific industries. In all cases, when an outside force is applied to business, there are those who win and those who lose. One way to ensure victory is to prepare for growth. And one way to prepare for growth is to use new and emerging problems as the catalysts for that growth.

We've certainly seen this play out before and after COVID-19. Before the pandemic, there were slower and - in some cases - more powerful disruptive factors at play in certain industries. The rise of social media, the initial adoption of e-commerce, the changing face of retail, the politicization of brands, and the complete shift in the news, content, and entertainment worlds all responded to and created new problems. While COVID accelerated some of those, it also introduced other issues like virtual communications, digital health, food delivery, sanitization, and more.

The one common thread? The organizations that could identify and solve emerging problems were often more relevant, more timely, and more successful than those who couldn't. As the chaos continues well into 2022, organizations need a framework to help contextualize and guide behaviours that will lead to success.

THE PROBLEM AS CATALYST FRAMEWORK

(THE PAC FRAMEWORK)

Change to the ecosystem

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New problem emerges

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Rush to solve the problem

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Creation of internal problem

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New roles / behaviours that lead to expertise + competitive advantage.

Here it is explained.

Change to the ecosystem	The specific business ecosystem hums along until an outside force creates a change in the dynamic.
New problem emerges	This change has a ripple effect and suddenly new problems emerge for consumers, businesses, or both. Businesses become vulnerable because others can swoop in to solve the problem, steal customers, and increase share.
Rush to solve the problem	Some problems are easily solved while others can require a total dismantling of the entire business model. Regardless, where there's opportunity, there's motivation. That motivation creates a rush to solve the problem.
Creation of internal problem	External changes create internal problems. Often, a new service, process, or approach is added to existing responsibilities within existing hierarchies. i.e. "This is a marketing issue". In the short term, that can affect budget, process, training, and an evaluation of priorities.
New roles / behaviours that lead to expertise + competitive advantage.	If permanent changes are needed, dedicated resources are deployed so expertise can be developed and the solution to the problem can become a competitive advantage.

Here's the PAC Framework applied to the rise of social media:

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Change to the ecosystem	Rise in social media	Once set in their media consumption ways, consumers explored social media for direct connections to others, content creation and consumption, news and information, and more.
New problem emerges	Consumers communicating with brands in real time	When brands followed the eyeballs to social platforms, consumers could communicate positively, negatively, and directly with brands in full public view. Brands weren't really built to respond to consumers in real time.
Rush to solve the problem	Marketing, IT, PR, Customer Service respond	Internally, departments rushed to solve the problem. But whose responsibility was it? Customer service? Marketing? PR? IT? It didn't conveniently fit into established roles.
Creation of internal problem	Lack of expertise, accountability.	Customer service could answer questions but not create content. PR couldn't answer service issues but they could create content. Marketing couldn't solve technical problems, but they could create ads. IT could report on performance data but weren't built to interact with customers.
New roles / behaviours that lead to expertise + competitive advantage.	Community Manager role is created.	Because no department was built to do all the things that social required, a new role was created to develop expertise and be the liaison to other parts of the organization when even deeper knowledge was required.

Here's the PAC Framework applied to
restaurants during COVID:

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Change to the ecosystem	Pandemic shuts down the world	On March 11, 2020 the World Health Organization declared COVID-19 a global pandemic. Public policy imposed restrictions to halt the spread and save lives.
New problem emerges	Restaurants can't operate	In many jurisdictions, indoor dining was not allowed. That threatened the very survival of an entire industry and put millions of jobs at stake.
Rush to solve the problem	Food delivery apps offered tech, promotion, delivery, + payment for takeout	People still needed to eat and restaurants could prepare food. Solving the external problem was easy: They sold and delivered their food through DoorDash and other food delivery apps.
Creation of internal problem	Wait staff were redundant / new roles needed to perfect new process	The external problem was solved but the internal problem still needed to be addressed. Wait staff were no longer required and the preparation and packaging of the food had to be optimized for a completely different business.
New roles / behaviours that lead to expertise + competitive advantage.	Internal skills transfer: Logistics, packaging, food quality	At their best, waitstaff are great at "logistics with a smile". Those transferable skills could be redeployed to managing different logistics like streamlined menu options, sourcing appropriate packaging, delivery timing, and more.